

Testimony of James C. Roddey
Chief Executive of Allegheny County
Pennsylvania
Before
The Committee on Transportation and Infrastructure
House of Representatives
United States Congress

Oversight Hearing On
The United Airlines - US Airways Merger
June 15, 2000

Good morning, Mr. Chairman and Committee Members. My name is Jim Roddey and I am the Chief Executive of Allegheny County, Pennsylvania. I would like to thank the Committee for this opportunity to present our region's views on United Airlines' \$11.6 billion acquisition of US Airways.

In the early 1980s unemployment in Pittsburgh was at its height following the closure of virtually all the major steel mills. The region suffered the largest job loss per capita in our country's history. By the early 1990's, the city was only reporting half the job growth of the national average.

We have been working diligently to recover, and finally our region is beginning to grow. 120,000 people are employed in the technology field. That represents 12 % of the workforce and 18% of the payroll. Our colleges and universities are world-renowned and we stand among the top ten centers in medical research.

Today, Pittsburgh is the corporate headquarters of many Fortune 500 companies. We have numerous business parks nurturing both U.S. and foreign investment. Multinational companies like Sony and Bayer have located in the region and many local corporations like H.J. Heinz, Alcoa and PPG continue to succeed in the global marketplace.

Pittsburgh International Airport (PIT) is the world's gateway for Pittsburgh, southwestern Pennsylvania, northern West Virginia, and eastern Ohio. It is an integral part of the economic fabric of its serving area, creating over 18,000 direct airport-related jobs and over \$3.5 billion a year in economic impact.

PIT has received worldwide recognition for its now famous Airmall®, featuring over 100 retail, specialty services and food and beverage stores all at guaranteed street prices. Its distinctive 900-acre X-shaped terminal is designed to give connecting passengers easy access to all 75 gates without ever changing levels or terminals.

And just last year, because of its traveler-friendly design, the readers of Condé Nast Traveler magazine voted Pittsburgh International Airport the best airport in North America and the third best airport in the world.

Pittsburgh International is an expanding airport with a significant list of development projects. Next month, we will open a Hyatt airport hotel and conference center. We also plan to more than double the cargo ramp and building capacity, and we are creating a Business Aviation Center and a 300,000 square foot Airside Business Park.

PIT covers more than 12,000 acres, making it the third-largest airport complex in the U.S., so large that you could fit Atlanta and Chicago O'Hare airports within its boundaries. The huge amount of space we have available gives us many advantages. The apron is large enough for one aircraft to pull back from the gate while another is pulling into the same space. The system of taxiways surrounding the entire airside building allows aircraft to exit the runways at a greater speed, taxi in either direction and avoid delays. And we have excess airspace and airfield capacity to accommodate future growth.

Located roughly midway between New York and Chicago, Pittsburgh lies within one hour's flying time of nearly 50 percent of the U.S. and Canadian populations or 71.3 million people, and 63 percent of U.S. manufacturing output.

And don't worry about the weather. Smooth operations regardless of the weather make PIT North America's airport of choice for reliability.

Clearly, Pittsburgh International Airport is one of the Southwestern Pennsylvania region's most significant assets. Presently, US Airways has a major hub agreement at Pittsburgh International Airport generating 515 flights per day both domestically and internationally. With United Airlines and US Airways announcement on May 23, 2000, I am deeply concerned not only about the continued presence of a major hub at Pittsburgh

International Airport, but also for the continued employment of the approximately 11,700 employees of US Airways in southwestern Pennsylvania.

With the announced acquisition by United of US Airways, it is imperative that a number of matters that affect our region are contained in any Conditions of Approval, which the Department of Justice and Department of Transportation would make, if they should decide to grant approval for this merger.

While the discussions I have had with James Goodwin of United Airlines and Stephen Wolf of US Airways have been very positive, contracts between parties often do not turn out as contemplated. Therefore, I request that this Committee urge the Department of Justice to ensure the following items are addressed in their Order:

1. With the hardship endured by our region in the 70's and 80's, one of our foremost concerns is for the approximately 11,700 individuals currently employed by US Airways in Southwestern Pennsylvania, eastern Ohio and northern West Virginia. We need an absolute commitment contained in the Conditions of Approval of this merger that these jobs will be maintained in our region beyond United's two-year pledge.

2. The taxpayers of Allegheny County provided the financial vehicle through bonds to fund the construction of the \$800-million Midfield Terminal Complex at Pittsburgh International Airport. US Airways is the principal guarantor on those bonds. US Airways presently uses nearly 90 percent of the midfield terminal and pays the majority of the outstanding debt, which totals over \$700 million. We need written assurances that United Airlines will assume US Airways existing lease and guarantee payment of all future obligations of US Airways.

3. With significant federal support and the expectation that it would be a major hub, Pittsburgh International Airport opened in 1992. US Airways currently operates approximately 515 flights a day to 110 non-stop destinations throughout the US and Europe from Pittsburgh International Airport. The Airport is the economic engine of the

region and provides us access to the world and the world access to our region. While United flies mostly east-west domestic flights and international routes, and US Airways strength is in its north-south routes on the East Coast, we must be certain that the existing level of service is maintained and included in the Conditions of Approval of the merger. On a long-term basis, Pittsburgh must remain a significant US domestic hub.

4. By year's end, US Airways and United Airlines will have an extensive fleet of Airbus aircraft with numerous new aircraft on order. Both airlines have indicated a need for a new maintenance facility to perform maintenance and safety checks on these aircraft. An excellent, trained workforce is available right now in southwestern Pennsylvania to perform these tasks and the needed facilities have already been designed for construction at Pittsburgh International Airport. We ask your help in urging United Airlines to follow through with US Airways plans to construct this facility, and commit to do so within the next two years.

Pittsburgh International Airport is strategically located in North America to reach much of the population of the United States and Canada within in 1-hour flying time. National and international travelers give Pittsburgh International Airport an A+ rating. Our workforce and work ethic are second to none. We are capable of handling any aircraft used today and our facilities are easily expandable.

Not only is Pittsburgh International Airport an economic generator in terms of jobs, but it serves as a major connection hub, linking Pittsburgh businesses, passengers and cargo with cities around the world. It is extremely well located in every sense and its physical structure is flexible, functional, attractive and expandable.

Mr. Chairman and Committee members, I ask your assistance to strongly convey to the Departments of Justice and Transportation our need for guarantees to preserve the economic future of a region rich in resources. Pittsburgh is poised for takeoff. Thank you for the opportunity to present this information to you today.